

2011 DRAFTING REQUEST

Bill

Received: **12/13/2010**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Administration-Budget**

By/Representing: **Skwarczek**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Other - miscellaneous**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

DOA:.....Skwarczek, BB0142 -

Topic:

Tax exemption for interest earned from bonds issued by WHEFA

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 12/13/2010	jdye 12/13/2010	rschluet 12/13/2010	_____	lparisi 12/13/2010		State Tax

FE Sent For:

<END>

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/P1	jkreye	P1 12/13 jld		_____	_____		

FE Sent For:

<END>

Kreye, Joseph

From: Hanaman, Cathlene
Sent: Monday, December 13, 2010 9:27 AM
To: Kreye, Joseph
Subject: FW: Statutory Language Drafting Request
Attachments: WHEFA stat language requests.doc

From: Shayna.Hetzel@Wisconsin.gov [mailto:Shayna.Hetzel@Wisconsin.gov]
Sent: Monday, December 13, 2010 9:25 AM
To: Hanaman, Cathlene
Cc: Shayna.Hetzel@wisconsin.gov; Thornton, Scott - DOA; Gauger, Michelle C - DOA
Subject: Statutory Language Drafting Request

Topic: WHEFA bonds state tax exemption

Tracking Code: BB0142

SBO Team: HSI

SBO Analyst: Skwarczek, Marta A - DOA
Phone: (608) 267-7980
E-mail: Marta.Skwarczek@Wisconsin.gov

Agency Acronym: WHEFA

Agency Number: 440

Priority: Medium

Intent:
Exempt from state tax, bonds issued by the Wisconsin Health and Educational Facilities
Authority for an eligible borrower that has an alternative issuer available for its financing that
offers a state tax exemption.

Attachments: True

Marta,

Thank you for speaking with me today and for reviewing our request for two changes to Chap. 231 regarding the activities of WHEFA.

1. As health care reform is implemented and as the delivery of health care models develop we see more and more instances of organizations that cross state boundaries. In order to provide the needed capital to such multi-state operations with operations in Wisconsin, WHEFA needs to be able to issue bonds for projects for Wisconsin related entities which have operations in other states. Providing the most efficient borrowing options for our health and education systems as a whole will benefit the Wisconsin portion of those providers.

Already several states including Illinois, Indiana, Missouri, Colorado, and Arizona allow their state issuing authorities for health and education to provide this service. A newly Wisconsin created Public Finance Authority last spring was also given this power and their instance there is not a requirement for any ties to Wisconsin operations to finance projects outside the state.

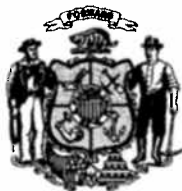
2. WHEFA bonds are exempt from federal tax only. WHEFA borrowers however, in many instances, have access to other local conduit issuers (local housing authorities or local economic redevelopment authorities) who also can issue for health and education borrowers, but who offer a state tax exemption as well. In those instances where another, existing issuer is available that offers a state exemption WHEFA bonds issued for the same purposes should also be exempt from state tax. Since the exemption is available already the fiscal impact on the state is \$0. This "level playing field" was also given to the Public Finance Authority created this spring and the fiscal note was zero.

Taken together, no projects outside the state would have a state tax exemption. Only projects in state with another state exempt issuer available would be state tax exempt.

These measures will allow WHEFA to continue providing its expertise and assistance to all eligible borrowers and will maintain access to capital in especially difficult economic times insuring that our health and education sectors can grow and provide the services needed to our citizens. These lending features were given this spring to a brand new conduit issuer and should be replicated in the programs of our state's conduit issuer for health and education borrowers.

If you need more information to proceed let me know. Thank you.

Larry Nines
Executive Director
Wisconsin Health & Educational Facilities Authority
18000 W. Sarah Lane, Suite 300
Brookfield, WI 53045-5841
(262) 792-0466 phone
(262) 792-0469 fax
www.whefa.com



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0687/P1

JK: A:...

JLD

DOA:.....Skwarczek, BB0142 - Tax exemption for interest earned from bonds issued by WHEFA✓

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

12-13-10

✓

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Do not Gen
AN ACT ...; relating to: the budget.✓

Analysis by the Legislative Reference Bureau

TAXATION✓

INCOME TAXATION✓

Under current law, the interest income from bonds issued by WHEFA✓ is exempt from income taxation if the bond proceeds are used by a health facility to acquire information technology hardware or software.✓ Under this bill, the interest income from bonds issued by WHEFA✓ is also exempt from income taxation if the bonds are issued to a person who is eligible to receive bonds from another issuer✓ for the same purpose and the interest income received from the other bonds is exempt from taxation.

Because this bill relates to an exemption✓ from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state*✓ fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.05 (1) (c) 11. of the statutes is created to read:

2 71.05 (1) (c) 11. The Wisconsin Health and Educational Facilities Authority
3 under s. 231.03 (6), if the bonds or notes are issued to a person who is eligible to
4 receive bonds or notes from another issuer for the same purpose for which the person
5 is issued bonds or notes under s. 231.03 (6) and the interest income received from the
6 other bonds or notes is exempt from taxation under this subchapter.

7 **SECTION 2.** 71.26 (1m) (L) of the statutes is created to read:

8 71.26 (1m) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued
9 to a person who is eligible to receive bonds or notes from another issuer for the same
10 purpose for which the person is issued bonds or notes under s. 231.03 (6) and the
11 interest income received from the other bonds or notes is exempt from taxation under
12 this subchapter.

13 **SECTION 3.** 71.45 (1t) (L) of the statutes is created to read:

14 71.45 (1t) (L) Those issued under s. 231.03 (6), if the bonds or notes are issued
15 to a person who is eligible to receive bonds or notes from another issuer for the same
16 purpose for which the person is issued bonds or notes under s. 231.03 (6) and the
17 interest income received from the other bonds or notes is exempt from taxation under
18 this subchapter.

19 **SECTION 9341. Initial applicability; Revenue.**

20 (1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26
21 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning
22 on January 1, 2011.

23 (END)



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0687/P1
JKjld:rs

DOA:.....Skwarczek, BB0142 - Tax exemption for interest earned from bonds issued by WHEFA

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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SECTION 9341. Initial applicability; Revenue.

(1) INTEREST INCOME EXEMPTION. The treatment of sections 71.05 (1) (c) 11., 71.26 (1m) (L), and 71.45 (1t) (L) of the statutes first applies to taxable years beginning on January 1, 2011.

(END)